

November 3, 2025

CMUA ABSTRACT OF PROPOSED RECOMMENDATIONS FOR SB 254 STUDY

Abstract

The California Municipal Utilities Association (CMUA) will recommend several study areas for the California Earthquake Authority (CEA) to include in its forthcoming SB 254 Natural Catastrophe Resilience Study (CEA Study). CMUA will identify and describe critical challenges faced by publicly owned electric utilities (POUs) under California's current wildfire liability framework. The strict-liability standard imposed by the doctrine of inverse condemnation holds utilities financially responsible for wildfire damages caused by their infrastructure regardless of whether they acted prudently. This creates significant burdens for POUs, which lack shareholders and do not participate in the state's Wildfire Fund. As a result, local ratepayers bear the full financial impact of the direct and indirect costs associated with this liability structure. This includes costs associated with increasing insurance premiums, impacts to credit ratings, and higher borrowing expenses. These impacts can make infrastructure projects more costly.

CMUA recommends that the CEA Study explore the advantages and disadvantages of alternative and complementary models to the current Wildfire Fund. CMUA also recommends that the CEA Study consider potential reforms to California's liability structure to better align responsibility with fault. Finally, CMUA recommends that the CEA Study consider additional state funded efforts that can support wildfire mitigation, similar to the current Wildfire Forecast and Threat Intelligence Integration Center (WFTIIC). The state should build on the success of the WFTIIC and look for more opportunities to provide wildfire mitigation tools at a state-wide level. Through these recommendations, CMUA seeks to ensure that the distinct circumstances of POUs and the communities they serve are fully represented in the state's evaluation of equitable and sustainable wildfire liability solutions.